

---

# **Fiscal Year 2005 Foreign Assistance Programs in the East Asia and Pacific Region**

**By**

**Donald W. Keyser**

**Deputy Assistant Secretary of State for East Asian and Pacific Affairs**

[The following are excerpts of the remarks presented to the Senate Foreign Relations Committee Washington, D.C., March 2, 2004.]

Mr. Chairman, I am pleased to share with the Committee our priorities for foreign assistance programs in the East Asia and Pacific region for fiscal year 2005.

## **Overview: U.S. Interests**

The Bureau of East Asian and Pacific Affairs (EAP) has placed counter-terrorism (CT) at the top of its list of strategic foreign assistance goals for fiscal year 2005. In light of a continued terrorist threat in Southeast Asia, evident in major bombings in Bali and Jakarta in the past two years, efforts to combat terrorist activity have been central to the pursuit of EAP's strategic goals that encompass the following: our traditional, primary long-term goal of promoting regional stability; fostering democracy and human rights; encouraging economic prosperity; fighting transnational issues and international crime; and preventing the proliferation of weapons of mass destruction (WMD).

Counter-terrorism: Terrorism in the Asia-Pacific region is a serious threat to U.S. national security interests, including the welfare and security of American citizens in the region and the security of friends and allies. It poses a direct and immediate threat to regional trends toward stability, democratization, and prosperity that are otherwise generally positive. The Bureau's goal is to root out terrorism and address the underlying conditions, including the absence of rule of law, that make the region vulnerable to terror.

EAP will work with countries in the region bilaterally and through regional organizations to strengthen their capacity to combat terrorism and to foster the type of international cooperation needed to fight the global war on terrorism.

In Indonesia, for example, we intend to build on the successful efforts, funded by the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account, to continue training and to expand the Indonesian National Police's Counter-terrorism Task Force. And, we will use the increase in fiscal year 2005 Economic Support Fund (ESF) funds for Indonesia to support basic education through our United States Agency for International Development (USAID) program as a key element in the effort to combat terror. This initiative, announced by President Bush in October of 2003, will prepare Indonesia's children to be effective participants in their own democratic society while reducing extremism and intolerance, and supporting democracy and respect for diversity. The bureau will leverage U.S. efforts through cooperation with friends and allies, particularly those with the capability to help build regional CT capacity, including Japan, Australia, Korea, Singapore, Thailand, Malaysia, and China.

## **Regional Stability**

Regional stability has long been the Bureau's main long-term strategic goal. In fiscal year 2005, regional stability will be advanced through success in attacking terrorism. EAP will sustain alliances with our five treaty partners in the region while promoting their increased integration into U.S. regional and international strategy; promote stability in Northeast Asia, including on the Korean Peninsula; support the positive integration of China into regional and global institutions; strengthen regional institutions for managing political and economic challenges, including the

---

ASEAN Regional Forum (ARF), Association of Southeast Asian Nations (ASEAN), and Asia-Pacific Economic Cooperation (APEC); and pursue regional growth and integration through free trade agreements (FTAs), Trade and Investment Framework Agreements (TIFAs), market openings, and other economic liberalization measures, as well as through democratization and rule of law programs.

The ASEAN Cooperation Plan is an essential tool for building long-term stability in Southeast Asia. To support activities under the ASEAN Cooperation Plan, we have requested \$2.5 million for fiscal year 2005. The funds will be used to bolster the ability of ASEAN to play a constructive and stabilizing role in Asia, to facilitate cooperation to address transnational issues, to foster economic and political integration, to spur development and to enhance our influence in a region of significant economic importance to the United States. We are requesting \$250,000 in fiscal year 2005 for regional security to support U.S. efforts in the ASEAN Regional Forum to shape regional views on issues such as arms control, counter-terrorism, and maritime security through seminars, workshops, and exchanges and to promote regional stability through strengthening regional institutions in which the United States participates.

### **Democracy and Human Rights**

The relative stability of the EAP region has allowed democracy to take hold in many areas, including South Korea, the Philippines, Mongolia, Thailand, and Taiwan as well as many Pacific Island states. This year will see citizens of five nations in the EAP region namely Indonesia, Korea, Philippines, Malaysia and Mongolia — plus Taiwan go to the polls. EAP will continue to promote democratization and improvements in human rights throughout the region and will work closely with EAP countries, including Indonesia as it continues its democratic transformation. With our help and that of other major donors, Indonesia a secular state with a diverse and predominantly Moslem population — could become an example of tolerance and democracy and a model for other countries.

Through our USAID programs, we are assisting non-governmental organizations in Cambodia in a wide range of areas, including human rights, labor rights, good governance, rule of law, and an independent press. In Indonesia, we will support programs that advocate public tolerance and strengthen local governments, in addition to our basic education initiative. The situation in Burma remains grim, as we have just made clear in our human rights report. Human rights abuses continue; Aung San Suu Kyi, other National League for Democracy (NLD) leaders, as well as other political prisoners remain under detention. The government has given no indication how it will involve the democratic opposition and ethnic groups in its plan for national reconciliation nor has it outlined a timeframe for these discussions.

Our fiscal year 2005 assistance to Burmese citizens inside Burma and Burmese refugees in neighboring countries, particularly Thailand, is intended to strengthen grassroots democratic institutions and to press the Burmese government to improve its human rights record and to cease persecution of religious and ethnic minorities.

### **Open Markets/Economic Development**

Promoting open markets, economic development, and sound economic policies is not only a critical regional goal, it is also a vital element of the war on terrorism. Economic prosperity reinforces democratic institutions, fosters stability, encourages the peaceful resolution of differences, and supports U.S. commerce and trade. The Asia-Pacific region is key to global economic growth. While the region has moved a long way down the path of recovery since the economic crisis of 1997-98, resumption of dynamic growth rates will require significant financial and corporate restructuring and improved economic and political governance, including an end to endemic corruption, and expanded trade and investment. The U.S. role — through bilateral

---

assistance, free trade arrangements, support for reforms and regional programs in APEC and ASEAN — will be critical to the success of this transformation.

Free trade arrangements with the U.S. will be an important vehicle for driving competitive trade liberalization in the region. We are moving ahead with the Enterprise for ASEAN Initiative (EAI), which offers the prospect of FTAs between the United States and ASEAN countries that are committed to reform and openness. The goal is to create a network of bilateral FTAs which will increase trade and investment, tying our economies more closely together. The EAI has already resulted in an FTA with Singapore, which came into force in early 2004. We have completed negotiations with Australia for an FTA, and we have announced intentions to enter into FTA negotiations with Thailand. We continue to support granting normal trade relations (NTR) to Laos.

China's compliance with its World Trade Organization (WTO) obligations, its transition to a market economy and its emerging economic influence are economic developments that EAP will monitor closely. The bureau will also use multilateral regional bodies such as APEC as a way of promoting market-oriented reforms and open trade and investment regimes.

In addition, to fulfill our obligations under the *South Pacific Multilateral Fisheries Treaty*, we are requesting \$18 million in ESF in fiscal year 2005. This treaty ensures continued access for U.S. commercial fishing vessels to the Pacific Ocean tuna fishing areas. In the Philippines our funding through USAID will support micro-financing, anti-corruption, civil society, governance, and other programs to promote economic development in impoverished areas. Our ESF request for East Timor of \$13.5 million will support the development of its civil society and new democratic and economic institutions.

### **International Crime and Transnational Issues**

Transnational issues, including terrorism, narcotics, human trafficking, and infectious diseases, are a serious threat to regional stability. EAP works with the Bureau for International Narcotics and Law Enforcement Affairs (INL), the Bureau of Oceans and International Environmental and Scientific Affairs (OES), USAID and other agencies on these transnational challenges to develop multilateral approaches to supplement existing bilateral efforts.

One of the most important contributions we intend to make in fiscal year 2005 is in the area of human trafficking. We have requested \$1 million in fiscal year 2005 assistance for EAP's Regional Women's Account to support a regional approach to combat the scourge of TIP. As TIP is a problem that crosses and takes advantage of national borders, we must mobilize a regional effort to counter it. Funding will focus on empowering women through political participation, economic independence, and the elimination of violence against women. Our efforts will concentrate on TIP projects in Tier two countries where trafficking problems are most severe.

### **Weapons of Mass Destruction**

Fiscal year 2005 placement of WMD proliferation as a strategic goal is based on the assumption that current positive trends in nonproliferation cooperation with China will continue. We are working to persuade China to adhere fully with its existing bilateral and multilateral nonproliferation commitments and to cooperate fully in pre-licensing and post-shipment verification checks related to U.S. dual-use exports. EAP will also work to obtain Chinese cooperation in encouraging other countries to adhere to the guidelines of the international non-proliferation regimes. EAP is working within the Six Party Talks process to secure the complete, verifiable, and irreversible elimination of North Korea's nuclear programs. In fiscal year 2005, the bureau will continue the effort to prevent, contain, and reverse the possibility that any WMD or their means of delivery might become available to rogue nations or non-state terrorist organizations.

---

For fiscal year 2005, the Department has requested \$2.6 million in export control assistance for the EAP region. The recent accounts of a black market in sensitive nuclear-related goods involving companies in the EAP region make this funding critical to our efforts to end WMD proliferation.

### **Modifications of Current Restrictions**

EAP would like to expand programs for a small group of EAP countries, including Cambodia, in the future. In Cambodia, Public Law 108-199 for fiscal year 2004 restricts assistance to the central government, with limited exceptions. There are several areas where closer cooperation with the central government would be in the U.S. national interest:

- Enhancing counter-terrorism capabilities,
- Promoting rule of law and justice,
- Developing a smaller more professional military, and;
- Supporting a credible Khmer Rouge Tribunal.

Cambodia needs training in immigration, border security, and other areas critical to our global fight against terrorism. We need to be able to train and work directly with the government agencies concerned with CT. All individuals and units we work with will be carefully vetted.

Many of Cambodia's problems stem from or are exacerbated by the shortcomings in its legal and judicial system. U.S. assistance for judicial reform and anti-corruption efforts would promote our interests in a number of areas, including: combating trafficking in persons, resolving human rights abuses, improving international adoption procedures and bringing Cambodia into compliance with WTO legal standards.

Public Law 108-199 also prohibits funding for any tribunal established by the government of Cambodia. It has been the longstanding policy of this and prior Administrations to seek accountability and bring to justice those responsible for the genocide carried out by the Khmer Rouge regime from 1975-1979. In June 2003, the U.N. and Cambodia signed an agreement to establish a credible Khmer Rouge Tribunal. We have urged all parties to work to ensure the Tribunal will execute its jurisdiction in accordance with international standards of justice, fairness, and due process and would seek to make an appropriate contribution to such a tribunal.

### **Conclusion**

The foregoing represents a brief overview of EAP bureau goals and objectives, and the resources necessary to meet them. It incorporates our best assessment of the region-wide demands and requirements we should work to meet, but as we mentioned in last year's testimony, it cannot incorporate resource requests for major, unanticipated events that could emerge without warning in the region, including on the Korean Peninsula.